

1964

REPORT

of the

President and Directors

of the

Atlanta and West Point
Rail Road Company

to the

Stockholders in Convention

for the

Year Ended December 31, 1964

BOARDS

m r h

Q 652. 0913

at 6212

1964

REPORT

of the

President and Directors

of the

Atlanta and West Point
Rail Road Company

to the

Stockholders in Convention

for the

Year Ended December 31, 1964

Board of Directors

J. ARCH AVARY, *Atlanta, Georgia*
EDWARD G. COLE, JR., *Newnan, Georgia*
JOHN W. DENT, *Atlanta, Georgia*
WILLIAM H. KENDALL, *Louisville, Kentucky*
JOSEPH L. LANIER, *West Point, Georgia*
J. CLYDE MIXON, *Atlanta, Georgia*
CARL J. REITH, *Atlanta, Georgia*
W. THOMAS RICE, *Jacksonville, Florida*
SAMUEL R. YOUNG, *College Park, Georgia*

Executive Committee

WILLIAM H. KENDALL
J. CLYDE MIXON
W. THOMAS RICE

The Staff

J. C. MIXON, *President and General Manager*
T. C. BULLARD, *Secretary and Treasurer*
EDENFIELD, HEYMAN AND SIZEMORE, *General Counsel*
B. A. CULPEPPER, *Comptroller*
E. J. HALEY, *General Superintendent*
MARSHALL L. BOWIE, *Director of Personnel*
J. B. WILSON, *Chief Engineer*
H. W. BRAY, *Purchasing Agent*
W. T. MARTIN, *Chief Traffic Officer*
A. P. McELROY, *General Passenger Agent*

GENERAL OFFICES: 4 Hunter Street, S. E., Atlanta, Ga., 30303

COMPARATIVE SUMMARY OF OPERATING AND CORPORATE RESULTS, AND FINANCIAL POSITION

SOURCE OF INCOME	1964	1963	Increase or Decrease	
			Amount	Percent
Income:				
Freight.....	\$ 2,755,143	\$ 2,656,270	\$ 98,873	3.7
Passenger.....	208,329	235,885	—27,556	—11.7
Mail, express and other operations.....	450,748	434,991	15,757	3.6
Rent for equipment and joint facilities.....	—204,126	—229,341	25,215	11.0
Dividends, interest, and miscellaneous income.....	143,741	132,161	11,580	8.8
TOTAL.....	3,353,835	3,229,966	123,869	3.8
CHARGES AGAINST INCOME				
Railway tax accruals.....	202,985	198,222	4,763	2.4
Operating expenses:				
Maintenance of way and structures.....	435,764	410,192	25,572	6.2
Maintenance of equipment.....	689,478	659,896	29,582	4.5
Traffic.....	220,601	216,848	3,753	1.7
Transportation.....	1,534,143	1,474,871	59,272	4.0
Miscellaneous operations.....	32,973	41,972	—8,999	—21.4
General.....	217,375	218,377	—1,002	—0.5
TOTAL.....	3,130,334	3,022,156	108,178	3.6
Other deductions from income:				
Interest on debt.....	30,465	31,311	—846	—2.7
Taxes on nonoperating property.....	10,511	9,691	820	8.5
Miscellaneous.....	1,588	1,940	—352	—18.1
TOTAL.....	42,564	42,942	—378	—0.9
TOTAL CHARGES AGAINST INCOME.....	3,375,883	3,263,320	112,563	3.4
NET LOSS.....	22,048	33,354	—11,306	33.9
Dividends to shareholders.....	98,544	98,544		
Amount available for debt reduction, improvements, and other purposes.....	—120,592	—131,898	11,306	8.6
Net loss per share.....	.89	1.35	— .46	33.9
Dividend payments per share.....	4.00	4.00		
FINANCIAL POSITION				
Total investments less recorded depreciation and amortization.....	\$ 5,999,587	\$ 6,244,017	\$ —244,430	—3.9
Current assets.....	1,710,305	1,782,723	—72,418	—4.1
Deferred and unadjusted assets.....	224,564	63,484	161,080	253.7
Capital stock.....	2,463,600	2,463,600		
Long term debt—Total.....	724,291	869,713	—145,422	—16.7
Current liabilities.....	556,238	456,744	99,494	21.8
Deferred and unadjusted liabilities.....	201,159	190,407	10,752	5.6
Retained income.....	3,989,168	4,109,760	—120,592	—2.9

—Decrease.

JUN 11 1965 Co

TO THE STOCKHOLDERS:

The continuing high level of general business activity and industrial growth in the area served by your railroad resulted in some further increase in freight traffic during the year 1964. The declining trend in the volume of passenger business continued. Gross revenue improved but substantial increases in rates of pay, extended vacations and other fringe benefits prevented us from translating the increase in available funds into net income.

Your company is continuing to meet the challenges of changing industrial patterns, requirements for special equipment of greater capacity and better service at lower rates while maintaining a sound and strong financial position in anticipation of still more far-reaching expansion in our immediate territory.

Incorporated in this report are a summary of operating data and statements of accounts at the end of the year 1964.

EARNINGS

After fixed charges there was an operating deficit of 89 cents a share compared to \$1.35 a share in 1963. Although the annual effect of the wage and fringe benefit increases was dampened somewhat by a ruling which permitted the discontinuance of firemen on some locomotives, the net is an increase in expenses equivalent to \$4.08 a share of outstanding stock. Equipment rent payments also increased because of a revised schedule of rates on both railroad and private line cars.

In December retroactive wage and fringe benefit increases, the result of national settlements, converted what had been a net income for the first eleven months of the year into a deficit.

DIVIDENDS

A strong cash position justified a continuance of dividends. Stockholders received a dividend of \$2.00 a share as of August 1, 1964, and \$2.00 a share as of December 5, 1964.

OPERATING REVENUE

Operating revenues increased \$88,935.69, or 2.6%. Freight, express and some miscellaneous revenues increased but passenger and mail declined. These items will be discussed in more detail elsewhere in this report. The operating ratio increased only 0.9% to 89.70 in 1964 although wage and allied expenses increased sharply. Expenditures for maintenance of car equipment were continued at a somewhat higher level in order to offset, as far as reasonably possible, the increased rates paid others and to meet increased requirements for equipment loading on line.

FREIGHT

Freight revenue increased \$98,872.77, or 3.7%. The number of tons handled increased 5.67% while the distance handled declined 2.58%. The average revenue for handling a ton one mile increased 0.70% which, like last year, slightly reverses the trend of previous years during which there has been a continuing downward revision of freight rates. This is accounted for by the gradual increase in the percentage of manufactured products handled which is in keeping with the trend of the area away from relying so extensively upon agriculture and toward a diversified economy with increased emphasis on industry.

Attention is again directed to the increase in tons handled per loaded car mile which exceeded last year by 3.38%. This results from improvements in design which enable freight cars to carry greater pay loads and from present rate policy allowing shippers lower rates when greater capacity equipment is loaded to full capacity. The greater percentage of gain in tons carried in each loaded car of 4.71% in relation to the increase in revenue of 3.38% also reflects the downward adjustment of freight rates.

On December 1, 1964, the Atlanta freight office, along with that of Georgia Railroad, was consolidated with the L. & N. and A.C.L. as a measure designed to expedite the movement of LCL traffic to and from the east and north in a new piggyback development. It is felt that, through consolidation of pickup and delivery services, station handling and expeditious daily movements in trailers, an improved service warranting extended use for small shipments may be developed.

Under continuing survey are all constructive methods for the improvement of service. Piggyback service is increasing and is being developed in any area where it may satisfactorily meet a need. Equipment of more suitable design is supplied and studies in this direction are a part of every day activity. Rates, routes and schedules information, along with sound constructive advice is readily available to shippers. There is constant emphasis upon a full transportation service for both present requirements and any needs of the future. These activities are of real value to present shippers and are promoting sound prospects for the future.

As the year ended a new service to handle a large volume of brick to a new distribution yard located on property owned by your company in the College Park industrial area was instituted. Brick will move from the manufacturing plant on pallets, loaded into high capacity cushion underframe box cars to avoid damage. All manual handling will be eliminated between the manufacturing plant and the construction job site.

PASSENGER, ALLIED AND MISCELLANEOUS

Passenger revenue decreased 11.7% in 1964 over 1963, and the number of passenger miles decreased 10.36%. This is a continuation of the trend which has resulted in a decline of 49.6% in passenger revenue over the last eleven years. This has been caused by continuing improvement of paralleling highways and steadily increasing patronage of airline services. It remains significant to point out that improvements in competing services are aided by large expenditures of public funds. The amount of such expenditures is increasing and self-supporting railroads are having to contribute to them as a part of the tax burden.

Mail revenue decreased 2.4% in 1964 as changes in mail movements continue their shift to the highways. When possible we have undertaken to lessen the effect of such diversions by providing contract truck service to supplement trains.

We are glad to report an increase of 8.3% in express revenue but there has been no reduction in the paralleling highway service. Mail and express constituted 61.7% of the total income from passenger train operations. This is an increase from 58.5% in 1963 and serves to accentuate the decrease in passenger revenue.

During 1964 we were successful in reducing some elements of passenger train costs but this has brought no end to the burden of continuing revenue declines.

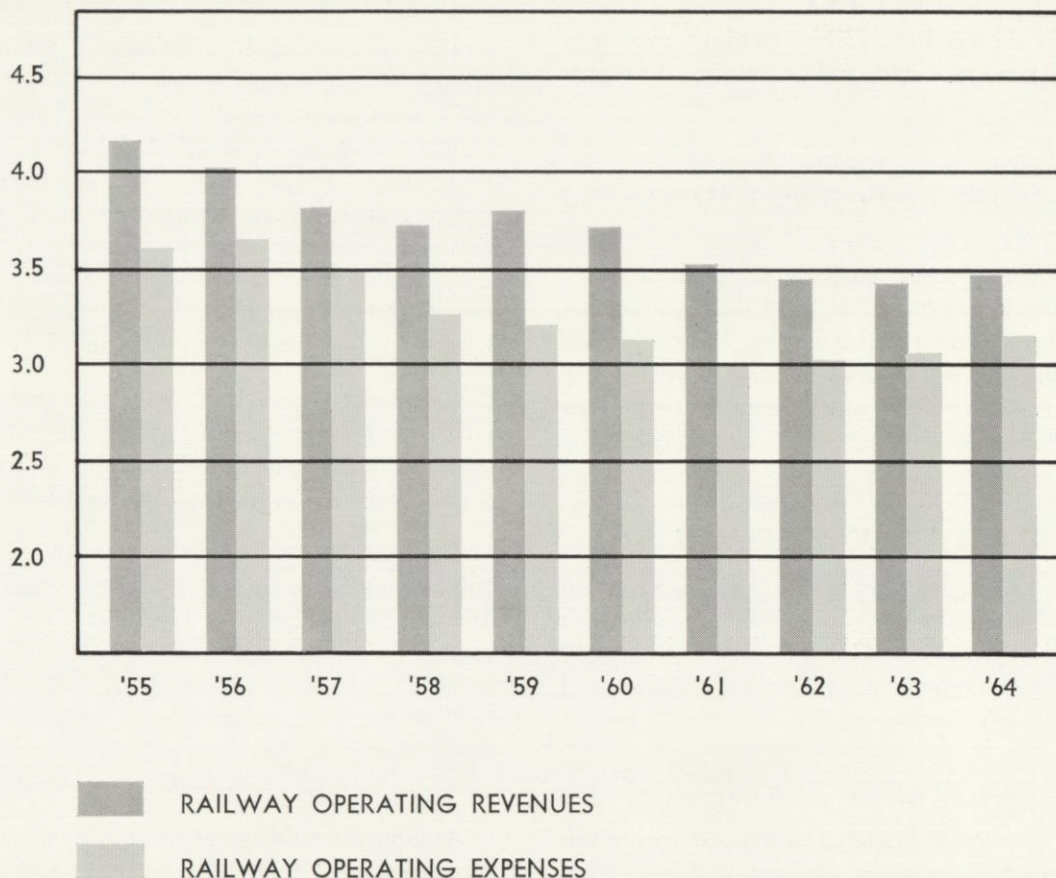
Miscellaneous income items increased to some extent as a result of greater demurrage assessments.

OPERATING EXPENSES

Expenses of operations continued under close control in 1964. The accompanying graph shows the relationship maintained over a period of ten years between revenues and expenses. Others show the degree to which it has been possible to increase efficiency in the face of increasing unit costs.

RELATIONSHIP BETWEEN OPERATING
REVENUES AND EXPENSES BY YEARS
1955 TO 1964

MILLIONS OF DOLLARS

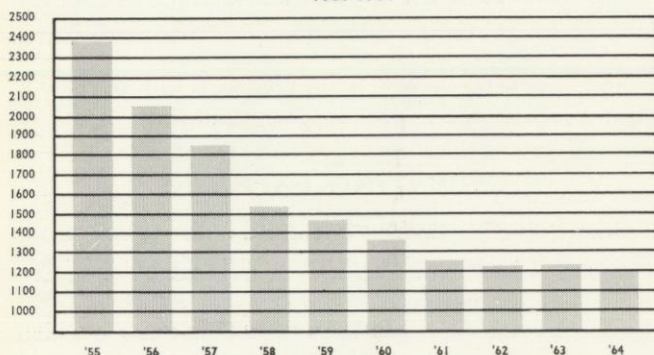


Atlanta and West Point Rail Road Company
The Western Railway of Alabama
Georgia Railroad

CHARTS REPRESENT TOTALS OF JOINTLY OPERATED LINES

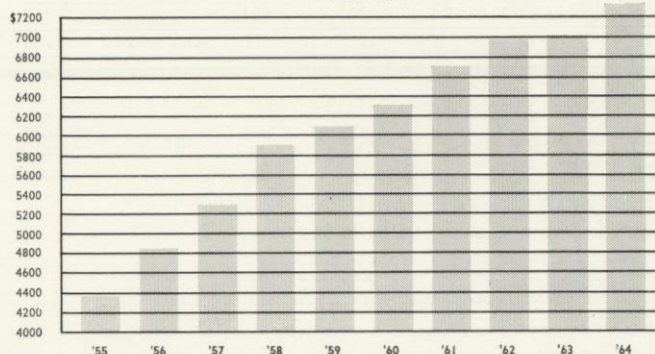
AVERAGE NUMBER OF EMPLOYEES

1955-1964



AVERAGE COMPENSATION PER EMPLOYEE

1955-1964



In 1964 we installed 3.19 miles of 115-lb. welded rail in main line tracks and released 100-lb. rail. Of 103.34 miles of main track we now have 45.99 miles laid with 115-lb. rail. Our mechanized program for cross tie replacement and track resurfacing, reballasting and right of way improvement continued.

Strong programs of equipment maintenance continued. Emphasis was placed on conditioning freight cars to supply the need for on-line loadings, especially increased pulpwood loading, and as an offset to higher car rent rates.

The installation of radio communications in yard, train and roadway operations continued with increasing profitable results.

In the year data processing equipment in our accounting department was upgraded to meet the requirements of multilevel per diem rate accounting. That replaced was one of the first installations in the country for car accounting. Equipment for other operations was also upgraded to meet new requirements and provide for expansion.

RAILWAY TAX ACCRUALS

Railway tax accruals increased \$5,583. The principal cause was an increase in railroad retirement tax because the base wage subjected to tax was increased from \$400 a month to \$450 a month. Ad valorem taxes decreased for the tenth consecutive year.

EQUIPMENT RENTS

Measures previously reported continued to register an improvement in equipment rents of 18.5% in 1964

although rental rates for cars of other railroads and private car lines moved sharply upward during the year. These measures are still in effect.

Further aid will come from new equipment on order and expected to be delivered early in the new year.

WAGE AND LABOR NEGOTIATIONS

The various legal technicalities surrounding the Award of Arbitration Board No. 282 of November, 1963, were cleared away by the Supreme Court of the United States on April 27. On May 7, the A&WP-WofA began operation of diesel locomotives in road freight and yard service without firemen. The elimination of firemen has been progressed as rapidly as possible, and by the end of the year approximately 50 per cent of our assignments in road freight and yard service were being operated without firemen.

Negotiations were held under the provisions of an Arbitration Award looking toward the effectuation of agreements for reduction in the size of crews, but the negotiations were not completed by the end of the year.

The remaining secondary issues of the 1959 operating rules case were settled by agreement effective June 25, 1964. The carriers won favorable rules on manning roadway machines and switching at points where switch engines are located. The employees were granted seven paid holidays for certain groups, expenses away from home terminals, and increases to adjust some imbalances in pay for yard service employees.

Agreements on wage adjustments and fringe benefits were effected with all crafts by the end of the year with

the exception of electricians, machinists, sheet metal workers, patrolmen and train porters. Generally, all agreements fixed wages and fringe benefits for operating employees until the middle of 1966 and for the non-operating employees until January 1, 1967.

GENERAL EXPENDITURES

From 1946 through 1964, inclusive, very substantial additions and betterments to road and equipment have occurred. This is especially true of equipment. Between these dates total expenditures for this purpose amounted to \$6,036,406, which is 80.5% of the total investment at the close of 1945. At the end of 1964 all debt for such purposes amounted to \$724,291, a reduction in the year of \$145,422.

Expenditures for additions to road and equipment in the year 1964 were relatively small, being confined principally to an increase in weight of 3.19 miles of rail and some industrial tracks.

For industrial development purposes we acquired 140 acres of land at Fairburn early in 1964 and last November we contracted for the purchase of 136 additional acres which has since been accomplished. These properties are favorably situated adjacent to our right of way, and near a projected interstate highway (I-85).

Late in the year orders were placed for delivery early in 1965 of 7 cushion underframe box cars and 50 new box cars. These equipment additions will cost approximately \$770,398 and the purchase will be financed under conditional sales agreements through banks in our area.

INDUSTRIAL DEVELOPMENT

A keen interest in industrial locations, particularly in the Atlanta area, developed as anticipated and is continuing. Economy Auto Stores opened a large new facility for serving the Southeast in the new South Perimeter Industrial Park mentioned in our report last year. Further development is expected in this Park. Phillips Petroleum completed construction and began operations in their new plastics plant at Newnan.

Private investors have acquired another area adjacent to our College Park properties, to be developed for industrial purposes, and will be known as the Airport Perimeter Park.

Seven new industries located on your line during the year and one expanded its facilities.

Among the new industries is Merry Bros., brick manufacturers of Augusta, who leased property in our College Park development and installed a distribution facility to serve the large metropolitan Atlanta area.

Because of the great interest being shown in the south Fulton County territory, as heretofore stated your company has acquired additional strategically located land near Fairburn for industrial development.

STAFF CHANGES

During the year the following staff members retired from active service: J. B. Pace, Purchasing Agent, January 1; F. W. Graf, Principal Assistant Engineer, January 15; B. F. Bruton, District Passenger Agent, August 1; O. M. Rebb, Passenger Agent, September 1; E. P. Barbre, Manager of Industrial Development, December 31.

It is with deep regret we announce the death during the year of the following who made contributions over a number of years to the success of the railroad: Guy S. Edmondson, retired Freight Claim Agent, February 22, 1964; George E. Parker, General Agent at Montgomery, July 14, 1964.

SAFETY

Your company, jointly with The Western Railway of Alabama, was again the recipient of the National Safety Council's award for the best safety record among employees, Group "E", for the year 1963. We are also pleased to report that your company received the National Safety Council's "Award of Merit", based on the improvement made in its accident ratio in 1963 compared with the previous year.

GENERAL

We enter the year 1965 with an improving economy, a strong financial position and an excellent situation in a rapidly growing area. With the skills of a good organization having an aggressive and forward looking attitude toward current and prospective problems, we face it with courage and confidence.

There is some indication that we may anticipate a more constructive governmental approach to rail questions, and general prospects for the area you serve, as well as the entire Southeast, are bright. We, therefore, believe the future looks good.

Grateful thanks are expressed to our stockholders and patrons for their loyal support and to our officers and employees for their faithful and capable efforts.

By order of the Board of Directors,

J. CLYDE MIXON

President and General Manager

MILEAGE OPERATED

Miles of road operated at December 31, 1964:

MAIN LINE:

Atlanta to West Point.....	85.72		
Less—Leased to Atlanta Terminal Company.....	0.10	85.62	
Hulsey Junction to Oakland City.....		5.16	90.78

TRACKAGE RIGHTS:

Atlanta Terminal Company, Atlanta.....	0.46		
Central of Georgia Railway, Oakland Junction.....	0.05		
Georgia Railroad (Atlanta Joint Terminals).....	2.02		2.53
Total mileage operated.....			93.31

Total mileage operated in freight and passenger service was 90.44 and 86.08 miles, respectively.

TAXES

The following items were accrued:

			Increase —Decrease	
	1964	1963	Amount	Per Cent
UNITED STATES GOVERNMENT TAXES:				
Railroad Retirement.....	\$ 84,183	\$ 77,519	\$ 6,664	8.60
Unemployment Insurance.....	42,140	42,075	65	0.15
Other.....	884	817	67	8.20
Total.....	127,207	120,411	6,796	5.64
STATE AND LOCAL TAXES:				
Property.....	54,090	59,177	—5,087	—8.60
Sales and use.....	18,883	15,751	3,132	19.88
Other.....	2,805	2,883	—78	—2.71
Total.....	75,778	77,811	—2,033	—2.61
TOTAL.....	202,985	198,222	4,763	2.40
Taxes on nonoperating property.....	10,511	9,691	820	8.46
GRAND TOTAL.....	\$ 213,496	\$ 207,913	\$ 5,583	2.69

—Decrease

HASKINS & SELLS

ACCOUNTANTS

ATLANTA

ACCOUNTANTS' OPINION

Atlanta and West Point Rail Road Company:

We have examined the balance sheet of Atlanta and West Point Rail Road Company as of December 31, 1964 and the related statements of income and of retained income for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The Company maintains its accounts in conformity with the Uniform System of Accounts for Railroad Companies prescribed by the Interstate Commerce Commission and the accompanying financial statements have been prepared in accordance therewith. As explained in note 1, the provisions of such system vary in certain respects from generally accepted accounting principles.

In our opinion, with the exception referred to in the preceding paragraph, the accompanying financial statements present fairly the financial position of the Company at December 31, 1964 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Haskins & Sells

March 26, 1965

BALANCE SHEET

ASSETS

	December 31	
	1964	1963
CURRENT ASSETS:		
Cash.....	\$ 180,985.57	\$ 212,974.65
Temporary cash investments.....	1,106,331.00	1,101,920.89
Net balance receivable from agents.....	71,600.89	76,390.65
Miscellaneous accounts receivable.....	53,801.84	38,601.29
Accrued accounts receivable.....	31,073.49	45,497.44
Material and supplies.....	250,478.27	283,944.57
Prepayments and other current assets.....	16,033.44	23,393.62
Total.....	1,710,304.50	1,782,723.11
SPECIAL FUND:		
Insurance.....	2,089.95	2,089.95
INVESTMENTS:		
Investments in affiliated companies.....	231,809.59	232,814.26
PROPERTIES:		
Transportation—		
Road and equipment.....	10,540,151.40	10,631,283.73
Less accrued depreciation and amortization.....	5,011,039.40	4,797,381.24
Total transportation property, less recorded depreciation and amortization.....	5,529,112.00	5,833,902.49
Miscellaneous.....	412,770.60	351,856.33
Less accrued depreciation.....	174,104.71	174,556.33
Total miscellaneous property, less recorded depreciation.....	238,665.89	177,300.00
Total properties, less recorded depreciation and amortization.....	5,767,777.89	6,011,202.49
OTHER ASSETS AND DEFERRED CHARGES:		
Other assets.....	14,528.23	19,809.79
Deferred charges.....	207,946.32	41,583.91
Total.....	222,474.55	61,393.70
TOTAL	\$ 7,934,456.48	\$ 8,090,223.51

BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31	
	1964	1963
CURRENT LIABILITIES:		
Traffic and car-service balances—net.....	\$ 125,307.69	\$ 118,405.53
Audited accounts payable.....	128,790.82	118,799.04
Miscellaneous accounts payable.....	115,964.88	39,417.24
Unmatured interest accrued.....	1,727.67	1,919.78
Accrued accounts payable.....	183,648.74	176,825.69
Taxes accrued.....	797.81	1,376.61
Total (exclusive of long-term debt due within one year).....	556,237.61	456,743.89
LONG-TERM DEBT DUE WITHIN ONE YEAR:		
Equipment obligations.....	125,037.92	133,773.92
LONG-TERM DEBT:		
Equipment obligations.....	599,253.41	735,939.33
RESERVE:		
Insurance.....	127,181.72	126,526.64
OTHER LIABILITIES AND DEFERRED CREDITS:		
Other liabilities.....	3,002.48	4,370.48
Deferred credits.....	70,975.06	59,509.33
Total.....	73,977.54	63,879.81
SHAREHOLDERS' EQUITY:		
Capital stock—authorized, 25,000 shares of \$100 par value each; outstanding, 24,636 shares.....	2,463,600.00	2,463,600.00
Retained income.....	3,989,168.28	4,109,759.92
Total.....	6,452,768.28	6,573,359.92
TOTAL	\$ 7,934,456.48	\$ 8,090,223.51

See the accompanying Notes to Financial Statements.

STATEMENT OF INCOME

	1964	1963	Increase or Decrease
OPERATING INCOME:			
Railway Operating Income:			
Railway operating revenues.....	\$ 3,489,810.95	\$ 3,400,875.26	\$ 88,935.69
Railway operating expenses.....	3,130,334.25	3,022,156.25	108,178.00
Net revenue from railway operations.....	359,476.70	378,719.01	-19,242.31
Railway tax accruals.....	202,984.98	198,221.59	4,763.39
Railway operating income.....	156,491.72	180,497.42	-24,005.70
Rent Income:			
Rent from locomotives.....	9,121.39	8,087.09	1,034.30
Rent from passenger-train cars.....	79,240.54	80,756.50	-1,515.96
Rent from work equipment.....	5,034.90	4,249.58	785.32
Joint facility rent income.....	25,073.65	17,472.55	7,601.10
Total rent income.....	118,470.48	110,565.72	7,904.76
Rent Payable:			
Hire of freight cars—net.....	67,955.61	89,735.07	-21,779.46
Rent for locomotives.....	14,151.99	13,585.32	566.67
Rent for passenger-train cars.....	64,654.34	54,247.35	10,406.99
Rent for work equipment.....	1,001.53	2,195.36	-1,193.83
Joint facility rents.....	250,423.56	253,873.11	-3,449.55
Total rent payable.....	398,187.03	413,636.21	-15,449.18
Net rent payable.....	279,716.55	303,070.49	-23,353.94
Net railway operating income.....	-123,224.83	-122,573.07	-651.76
OTHER INCOME:			
Miscellaneous rents.....	43,925.29	42,142.88	1,782.41
Income from nonoperating property.....	33,934.64	26,226.30	7,708.34
Dividends.....	2,877.50	2,000.00	877.50
Interest.....	45,737.95	41,888.63	3,849.32
Miscellaneous, prperty sales, etc.....	17,265.79	19,903.45	-2,637.66
Total other income.....	143,741.17	132,161.26	11,579.91
Total income.....	20,516.34	9,588.19	10,928.15
MISCELLANEOUS DEDUCTIONS FROM INCOME:			
Rents.....	1,206.80	1,242.27	-35.47
Tax accruals.....	10,511.47	9,691.52	819.95
Income charges.....	380.74	394.60	-13.86
Total miscellaneous deductions.....	12,099.01	11,328.39	770.62
Income available for fixed charges.....	8,417.33	-1,740.20	10,157.53
FIXED CHARGES:			
Interest on funded debt.....	30,464.97	31,310.54	-845.57
Amortization of discount on funded debt.....		303.48	-303.48
Total fixed charges.....	30,464.97	31,614.02	-1,149.05
NET LOSS	\$ 22,047.64	\$ 33,354.22	\$ -11,306.58

—Decrease.

See Note 1 in the accompanying Notes to Financial Statements.

STATEMENT OF RETAINED INCOME

CREDITS

Retained income, January 1, 1964.....	\$ 4,109,759.92
---------------------------------------	-----------------

DEBITS

Net loss for the year.....	\$ 22,047.64		
Dividends to shareholders:			
\$2 a share paid August 1, 1964.....	\$ 49,272.00		
\$2 a share paid December 5, 1964.....	49,272.00	98,544.00	120,591.64
Retained income, December 31, 1964.....			<u>\$ 3,989,168.28</u>

NOTES TO FINANCIAL STATEMENTS

1. The provisions of the Uniform System of Accounts for Railroad Companies prescribed by the Interstate Commerce Commission vary from generally accepted accounting principles in that, under the Uniform System, no accounting recognition is given to the possible effect on income taxes in future years of current reductions in income taxes resulting from the deductions for amortization and depreciation of property for income tax purposes in excess of the amounts recorded in the accounts. The cumulative amount of such reductions in income taxes included in retained income at December 31, 1964 was \$481,000. This property became fully amortized for income tax purposes in 1961. In 1964 income taxes would have been approximately \$9,000 except for an operating loss carry-over resulting from amortization for income tax purposes in excess of recorded depreciation. In 1963 there was no effect on income taxes because there was no taxable income for that year.
2. The Company, together with Southern Railway Company and Central of Georgia Railway Company, jointly and severally guarantees unconditionally the payment of principal and interest of the first mortgage series A, 4% bonds of Atlanta Terminal Company due August 1, 1969, of which \$443,000 were outstanding at December 31, 1964.

OPERATING EXPENSES

ACCOUNT	1964	1963	Increase or Decrease
Maintenance of Way and Structures:			
201 Superintendence	\$ 35,105.62	\$ 33,629.59	\$ 1,476.03
202 Roadway maintenance	38,508.35	24,721.71	13,786.64
208 Bridges, trestles and culverts	796.77	1,493.35	-696.58
212 Ties	28,916.65	32,165.17	-3,248.52
214 Rails	4,856.20	2,964.95	1,891.25
216 Other track material	5,343.22	2,305.82	3,037.40
218 Ballast	12,780.68	10,861.62	1,919.06
220 Track laying and surfacing	52,545.79	46,980.60	5,565.19
221 Fences, snowsheds, and signs	208.03	496.24	-288.21
227 Station and office buildings	11,032.13	6,951.45	4,080.68
229 Roadway buildings	16.27	965.46	-949.19
233 Fuel stations	1.02		1.02
235 Shops and enginehouses		10.73	-10.73
247 Communication systems	10,034.84	8,671.44	1,363.40
249 Signals and interlockers	21,479.54	19,234.14	2,245.40
257 Power—transmission systems		-2.67	2.67
266 Road property—Depreciation:			
Engineering	1,088.76	1,090.44	-1.68
Grading	405.72	411.48	-5.76
Tunnels and subways	395.04	395.04	
Bridges, trestles and culverts	11,078.40	11,078.40	
Rails	38,440.56	38,809.44	-368.88
Other track material	24,561.36	24,769.92	-208.56
Fences, snowsheds and signs	519.36	519.36	
Station and office buildings	6,807.25	6,681.94	125.31
Fuel stations	134.04	134.04	
Communication systems	1,387.10	1,384.20	2.90
Signals and interlockers	4,473.67	4,479.47	-5.80
Roadway machines	11,077.80	4,987.08	6,090.72
Public improvements—Construction	3,149.76	3,103.44	46.32
267 Retirements—Road	5,968.67	1,009.33	4,959.34
269 Roadway machines	14,758.80	20,109.07	-5,350.27
270 Dismantling retired road property	788.56	180.55	608.01
271 Small tools and supplies	8,045.58	7,412.88	632.70
272 Removing snow, ice and sand	199.13	158.71	40.42
273 Public improvements—Maintenance	6,215.49	10,172.70	-3,957.21
274 Injuries to persons	1,371.30	1,066.85	304.45
275 Insurance	753.69	879.28	-125.59
276 Stationery and printing	444.62	634.57	-189.95
277 Employees health and welfare benefits	8,847.27	8,184.11	663.16
278 Maintaining joint tracks, yards and other facilities—Debit	69,326.54	76,296.02	-6,969.48
279 Maintaining joint tracks, yards and other facilities—Credit	-6,084.75	-5,215.45	-869.30
282 Other expenses	-14.75	10.00	-24.75
Total	435,764.08	410,192.47	25,571.61
Maintenance of Equipment:			
301 Superintendence	20,297.16	18,923.61	1,373.55
311 Other locomotives—Repairs	170,533.63	140,157.61	30,376.02
314 Freight train cars—Repairs	202,608.05	214,527.97	-11,919.92
317 Passenger train cars—Repairs	79,963.06	76,931.84	3,031.22
326 Work equipment—Repairs	4,966.15	2,719.96	2,246.19
328 Miscellaneous equipment—Repairs	2,263.48	2,988.00	-724.52
330 Retirements—Equipment		-4,346.97	4,346.97
331 Equipment—Depreciation	172,372.87	170,934.17	1,438.70
332 Injuries to persons	1,686.67	3,015.93	-1,329.26
333 Insurance	2,385.04	2,356.16	28.88
334 Stationery and printing	1,165.86	741.23	424.63
335 Employees health and welfare benefits	15,564.15	14,283.50	1,280.65
336 Joint maintenance of equipment expenses—Debit	15,939.20	16,642.64	-703.44
337 Joint maintenance of equipment expenses—Credit	-290.85		-290.85
339 Other expenses	23.51	19.80	3.71
Total	\$ 689,477.98	\$ 659,895.45	\$ 29,582.53

—Decrease.

OPERATING EXPENSES

ACCOUNT	1964	1963	Increase or Decrease
Traffic:			
351 Superintendence	\$ 54,890.91	\$ 52,363.97	\$ 2,526.94
352 Outside agencies	129,542.40	130,409.63	-867.23
353 Advertising	1,829.92	2,088.52	-258.60
354 Traffic associations	3,585.10	3,716.96	-131.86
356 Industrial and immigration bureaus	10,311.62	8,580.06	1,731.56
357 Insurance	69.71	74.64	-4.93
358 Stationery and printing	13,302.37	13,659.13	-356.76
359 Employees health and welfare benefits	7,068.51	5,954.80	1,113.71
Total	220,600.54	216,847.71	3,752.83
Transportation—Rail Line:			
371 Supertendence	24,337.34	22,951.33	1,386.01
372 Dispatching trains	15,072.97	15,793.62	-720.65
373 Station employees	157,664.75	150,408.86	7,255.89
374 Weighing, inspection and demurrage bureaus	7,715.99	7,809.13	-93.14
376 Station supplies and expenses	7,507.57	6,738.15	769.42
378 Yard conductors and brakemen	44,807.12	40,528.77	4,278.35
380 Yard enginemen	28,182.81	30,073.88	-1,891.07
382 Yard switching fuel	3,246.92	3,452.37	-205.45
386 Lubricants for yard locomotives		.31	-.31
387 Other supplies for yard locomotives	252.69	141.00	111.69
388 Enginehouse expenses—Yard	80.54		80.54
389 Yard supplies and expenses	6.86	8.56	-1.70
390 Operating joint yards and terminals—Debit	556,868.01	530,219.28	26,648.73
391 Operating joint yards and terminals—Credit	-73,068.25	-69,006.58	-4,061.67
392 Train enginemen	161,932.12	157,519.80	4,412.32
394 Train fuel	134,826.07	137,618.00	-2,791.93
397 Water for train locomotives	1,086.01	1,267.50	-181.49
398 Lubricants for train locomotives	12,245.87	11,265.22	980.65
399 Other supplies for train locomotives	2,195.70	1,976.12	219.58
400 Enginehouse expenses—Train	49,884.79	47,738.04	2,146.75
401 Trainmen	212,937.57	202,151.60	10,785.97
402 Train supplies and expenses	53,767.54	43,559.14	10,208.40
403 Operating sleeping cars	32,939.72	43,407.51	-10,467.79
404 Signal and interlocker operation	9,591.91	9,800.17	-208.26
405 Crossing protection	772.73	630.18	142.55
407 Communication system operation	5,081.42	4,854.98	226.44
409 Employees health and welfare benefits	21,668.31	8,979.30	12,689.01
410 Stationery and printing	6,330.17	5,806.36	523.81
411 Other expenses	931.02	725.69	205.33
412 Operating joint tracks and facilities—Debit	14,654.75	17,490.27	-2,835.52
413 Operating joint tracks and facilities—Credit	-8,033.11	-7,919.46	-113.65
414 Insurance	7,925.64	7,848.56	77.08
415 Clearing wrecks	285.88	818.49	-532.61
416 Damage to property	3,692.80	2,112.29	1,580.51
418 Loss and damage—Freight	25,513.93	24,212.75	1,301.18
419 Loss and damage—Baggage	30.74	52.76	-22.02
420 Injuries to persons	11,206.50	13,837.37	-2,630.87
Total	1,534,143.40	1,474,871.32	59,272.08
Miscellaneous Operations:			
441 Dining and buffet service	32,064.38	40,456.59	-8,392.21
449 Employees health and welfare benefits	908.56	1,515.87	-607.31
Total	32,972.94	41,972.46	-8,999.52
General:			
451 Salaries and expenses of general officers	35,040.96	37,052.00	-2,011.04
452 Salaries and expenses of clerks and attendants	112,511.07	115,752.24	-3,241.17
453 General office supplies and expenses	16,702.47	11,533.49	5,168.98
454 Law expenses	11,406.61	15,513.87	-4,107.26
455 Insurance	107.71	142.70	-34.99
456 Employees health and welfare benefits	6,504.81	6,805.98	-301.17
457 Pensions	6,258.87	5,601.78	657.09
458 Stationery and printing	8,721.03	8,961.95	-240.92
460 Other expenses	6,815.12	3,638.44	3,176.68
461 General joint facilities—Debit	13,306.66	13,374.39	-67.73
Total	217,375.31	218,376.84	-1,001.53
Total railway operating expenses	\$ 3,130,334.25	\$ 3,022,156.25	\$ 108,178.00
Ratio of operating expenses to operating revenues	89.70	88.86	.84

—Decrease.

RAILWAY OPERATING REVENUES

YEAR ENDED DECEMBER 31	Freight	Passenger	Mail	Express	All Other Transportation	Incidental	Joint Facility- Credit	Joint Facility- Debit	Total Railway Operating Revenues
1955	\$2,584,637.18	\$ 331,909.74	\$ 183,843.37	\$ 199,096.26	\$ 101,482.78	\$ 95,215.22	\$ 67,049.00	\$ 160.17	\$3,563,073.38
1956	3,001,663.72	364,751.65	208,691.30	195,818.83	73,892.28	95,717.03	131,763.43	289.86	4,072,008.38
1957	2,818,767.31	341,992.42	228,678.35	165,689.09	72,444.67	86,359.63	105,428.44	97.56	3,819,262.35
1958	2,718,845.76	286,998.28	241,616.42	162,880.15	74,546.85	75,120.84	98,352.37	98.36	3,658,262.31
1959	2,878,895.10	260,690.17	222,552.02	211,151.19	71,607.23	78,827.36	91,168.70	131.84	3,814,759.93
1960	2,792,647.11	262,142.70	203,783.66	179,453.23	67,308.09	88,203.03	78,209.72	104.18	3,671,643.36
1961	2,720,426.20	247,665.21	229,351.50	143,168.38	39,397.04	77,232.92	77,011.46	127.02	3,534,125.69
1962	2,636,943.56	257,875.55	231,136.49	100,990.20	30,637.39	80,753.16	76,620.56	126.19	3,414,230.72
1963	2,656,269.83	235,885.30	239,467.12	94,161.19	26,395.94	74,966.61	73,854.06	124.79	3,400,875.26
1964	2,755,142.60	208,329.02	233,790.94	102,015.82	27,187.94	87,754.06	75,723.86	133.29	3,489,810.95

RAILWAY OPERATING EXPENSES AND NET REVENUE FROM RAILWAY OPERATIONS

YEAR ENDED DECEMBER 31	Maintenance of Way and Structures	Maintenance of Equipment	Traffic	Transportation	Miscellaneous	General	Total Railway Operating Expenses	Net Revenue From Railway Operations	Ratio Operating Expenses to Operating Revenues
1955	\$ 480,279.06	\$ 689,213.05	\$ 180,121.10	\$1,469,732.92	\$ 48,164.30	\$ 179,819.54	\$3,047,329.97	\$ 515,743.41	85.53
1956	555,446.05	784,112.47	205,817.79	1,767,205.16	56,796.23	213,973.36	3,583,351.06	488,657.32	88.00
1957	517,372.51	727,617.46	209,546.83	1,779,147.73	40,711.20	216,271.22	3,490,666.95	328,595.40	91.40
1958	444,763.18	620,883.96	203,234.04	1,751,067.41	37,237.98	217,418.78	3,274,805.35	383,656.96	89.51
1959	504,720.90	625,446.24	215,700.16	1,608,153.81	40,835.95	217,748.54	3,212,605.60	602,154.33	84.22
1960	475,714.42	594,053.50	218,400.72	1,559,164.02	40,066.95	228,566.47	3,116,254.10	555,389.26	84.87
1961	406,862.22	574,269.28	226,446.56	1,519,164.02	41,173.42	216,359.15	2,984,274.65	549,851.04	84.44
1962	449,873.43	571,609.85	231,871.30	1,505,374.71	40,297.59	219,939.14	3,018,966.02	395,264.70	88.42
1963	410,192.47	659,895.45	216,847.71	1,474,871.32	41,972.46	218,376.84	3,022,156.25	378,719.01	88.86
1964	435,764.08	689,477.98	220,600.54	1,534,143.40	32,972.94	217,375.31	3,130,334.25	359,476.70	89.70

CLASSIFICATION OF FREIGHT TRAFFIC

YEAR - 1964

COMMODITY	No. of TONS 2,000 lbs.	Pct. to TOTAL TONS
FARM PRODUCTS		
Cotton.....	159,535	6.00
Potatoes.....	5,668	0.21
Others.....	15,887	0.60
Total.....	181,090	6.81
FOREST PRODUCTS	4,532	0.17
FISH AND OTHER MARINE PRODUCTS	295	0.01
METALLIC ORES	180,797	6.80
COAL	21,684	0.82
CRUDE PETROLEUM AND NATURAL GASOLINE	94	0.00
NONMETALLIC MINERALS, EXCEPT FUELS		
Gravel.....	66,994	2.52
Sand.....	250,923	9.44
Stone.....	156,920	5.90
Others.....	52,496	1.97
Total.....	527,333	19.83
ORDNANCE AND ACCESSORIES	806	0.03
FOODS AND KINDRED PRODUCTS		
Canned Fruits and Vegetables.....	9,534	0.36
Cottonseed and Soybean Oil.....	38,867	1.46
Flour.....	24,578	0.93
Prepared Foods.....	11,388	0.43
Sugar.....	52,506	1.97
Others.....	98,642	3.71
Total.....	235,515	8.86
TOBACCO PRODUCTS	3,213	0.12
BASIC TEXTILES	25,933	0.98
APPAREL AND OTHER FINISHED TEXTILES	833	0.03
LUMBER AND WOOD PRODUCTS		
Lumber.....	80,902	3.04
Pulpwood Logs.....	51,469	1.93
Veneer and Plywood.....	45,671	1.72
Others.....	21,712	0.82
Total.....	199,754	7.51
FURNITURE AND FIXTURES	7,928	0.30
PULP, PAPER AND ALLIED PRODUCTS		
Paper, Bags and Boxes.....	63,334	2.38
Paperboard, Pulpboard, etc.....	142,118	5.34
Others.....	25,710	0.97
Total.....	231,162	8.69
PRINTED MATTER	397	0.01
CHEMICALS AND ALLIED PRODUCTS		
Alcohols.....	66,232	2.49
Chemicals.....	140,392	5.28
Fertilizers.....	27,001	1.02
Others.....	188,622	7.09
Total.....	422,247	15.88
PETROLEUM OR COAL PRODUCTS		
Gasoline.....	5,399	0.20
Liquefied Petroleum Gases.....	65,888	2.48
Lubricating Oil and Greases.....	15,337	0.58
Others.....	59,757	2.24
Total.....	146,381	5.50

CLASSIFICATION OF FREIGHT TRAFFIC

YEAR - 1964

COMMODITY	No. of TONS 2,000 lbs.	Pct. to TOTAL TONS
RUBBER AND MISCELLANEOUS PLASTIC PRODUCTS.....	6,703	0.25
LEATHER AND LEATHER PRODUCTS.....	357	0.01
STONE, CLAY AND GLASS PRODUCTS.....		
Abrasives, Asbestos, etc.....	40,955	1.54
Brick.....	41,587	1.56
Cement.....	103,969	3.91
Others.....	42,526	1.60
Total.....	229,037	8.61
PRIMARY METAL PRODUCTS.....	82,180	3.09
FABRICATED METAL PRODUCTS.....	32,340	1.22
MACHINERY, EXCEPT ELECTRICAL.....	10,384	0.39
ELECTRICAL MACHINERY, EQUIPMENT, ETC.....	8,614	0.32
TRANSPORTATION EQUIPMENT.....	11,010	0.41
MISCELLANEOUS PRODUCTS OF MANUFACTURING.....	2,518	0.09
WASTE AND SCRAP MATERIALS.....		
Iron and Steel Scrap.....	19,047	0.72
Textile Waste, Scrap and Sweepings.....	34,461	1.30
Others.....	19,612	0.73
Total.....	73,120	2.75
MISCELLANEOUS FREIGHT SHIPMENTS.....	4,992	0.19
CONTAINERS, EMPTY.....	885	0.03
FREIGHT FORWARDER TRAFFIC.....	142	0.01
SHIPPER ASSOCIATION OR SIMILAR TRAFFIC.....	965	0.04
MISCELLANEOUS MIXED SHIPMENTS, EXCEPT FORWARDER AND SHIPPER ASSOCIATION.....	2,742	0.10
GRAND TOTAL CARLOAD TRAFFIC.....	2,655,983	99.86
SMALL PACKAGED FREIGHT SHIPMENTS.....	3,617	0.14
GRAND TOTAL CARLOAD AND LCL TRAFFIC—1964.....	2,659,600	100.00
*GRAND TOTAL CARLOAD AND LCL TRAFFIC—1963.....	2,516,671	100.00

*Commodities reclassified by I. C. C. in 1934 and groupings are not comparable with those of prior years.

FREIGHT AND PASSENGER STATISTICS

FREIGHT TRAFFIC

	1964	1963	Increase or Decrease	
			Amount	Percent
1 Number of tons carried	2,659,491	2,516,671		
2 Number of tons carried one mile	190,738,735	185,287,109	142,820	5.67
3 Number of tons per mile of road (Average)	29,406	27,827	5,451,626	2.94
4 Number of tons carried one mile per mile of road	2,109,009	2,048,730	1,579	5.67
5 Number of tons in each train (Average)	988.66	946.83	60,279	2.94
6 Number of tons in each loaded car (Average)	29.14	27.83	41.83	4.42
7 Average distance one ton carried (Miles)	71.72	73.62	1.31	4.71
8 Revenue per ton per mile	\$ 0.01444	\$ 0.01434	—1.90	—2.58
9 Revenue per mile of road	30,463.76	29,370.52	0.00010	0.70
10 Revenue per freight train mile	19.07	18.49	1,093.24	3.72
11 Revenue per freight car mile—Loads	0.56191	0.54353	0.58	3.14
12 Revenue per freight car mile—Total	0.35743	0.35112	0.01838	3.38
13 Revenue per ton	1.04	1.06	0.00631	1.80
			—0.02	—1.89

PASSENGER TRAFFIC

1 Number of passengers carried	80,112	88,721	—8,609	—9.70
2 Number of passengers carried one mile	6,710,957	7,486,783	—775,826	—10.36
3 Number of passengers per mile of road (Average)	931	1,031	—100	—9.70
4 Number of pass. carried one mile per mile of road	77,962	86,975	—9,013	—10.36
5 Number of passengers in each train (Average)	55	60	—5	—8.33
6 Number of passengers in each car (Average)	14	13	1	7.69
7 Average distance each passenger (Miles)	83.77	84.39	—0.62	—0.73
8 †Passenger service train revenue per mile of road	\$ 6,340.37	\$ 6,639.16	—298.79	—4.50
9 †Passenger service train revenue per pass. train mile	4.36	4.55	—0.19	—4.18
10 †Passenger service train revenue per pass. mile car	0.47307	0.46510	0.00797	1.71
11 *Revenue per passenger per mile	0.03104	0.03151	—0.00047	—1.49
12 *Revenue per passenger	2.60	2.66	—0.06	—2.26

ALL TRAFFIC

Railway operating revenues per mile of road	\$ 37,400.18	\$ 36,447.06	\$ 953.12	2.62
Railway operating revenues per revenue train mile	12.94	12.63	0.31	2.45
Railway operating expenses per mile of road	\$ 33,547.68	\$ 32,388.34	\$ 1,159.34	3.58
Railway operating expenses per revenue train mile	11.61	11.22	0.39	3.48
Per cent of railway operating expenses to oper. revenue	89.70	88.86	0.84	0.95
Net revenue per mile of road	\$ 3,852.50	\$ 4,058.72	\$ —206.22	—5.08
Net revenue per revenue train mile	1.33	1.41	—0.08	—5.67
Per cent of net revenue to total revenue	10.30	11.14	—0.84	—7.54
Railway operating expenses and taxes per mile of road	\$ 35,723.07	\$ 34,512.68	\$ 1,210.39	3.51
Railway operating expenses and taxes per rev. train mile	12.36	11.96	0.40	3.34
Per cent of operating expenses and taxes to total revenues	95.52	94.69	0.83	0.88

* Revenue excludes mail, express, excess baggage, and other passenger-train.
† Revenue includes mail, express, excess baggage, and other passenger-train.
—Decrease.

TRAIN, LOCOMOTIVE AND CAR MILES

CLASS		1964	1963	Increase or Decrease
TRAIN MILES				
		144,499	143,636	863
		125,172	125,618	-446
801	Freight			417
802	Passenger	269,671	269,254	417
	Total Revenue Service Train Miles	792	66	726
805	Non-Revenue Service Train Miles	270,463	269,320	1,143
	TOTAL TRAIN MILES			
LOCOMOTIVE MILES				
		144,499	143,636	863
		219,555	191,730	27,825
		125,172	125,618	-446
811	Freight—Principal	138,765	167,281	-28,516
	Freight—Trailing Units	9,261	10,233	-972
812	Passenger—Principal	66,453	53,578	12,875
	Passenger—Trailing Units	26,100	25,482	618
	Passenger—Light			
815	Switching—Train	729,805	717,558	12,247
816	Switching—Yard—Freight			
	Total Revenue Locomotive Miles	792	66	726
817	Non-Revenue Locomotive Miles	730,597	717,624	12,973
	TOTAL LOCOMOTIVE MILES			
FREIGHT CAR MILES				
		4,903,194	4,887,045	16,149
		2,670,119	2,537,672	132,447
		134,787	140,360	-5,573
821	Freight Loaded			
	Freight Empty	7,708,100	7,565,077	143,023
	System Caboose			
	Total Freight Car Miles			
PASSENGER CAR MILES				
		262,402	260,603	1,799
		231,193	328,707	-97,514
		64,295	64,326	-31
822	Passenger Coaches	2,309	1,967	342
	Sleeping and Parlor Cars	592,091	557,224	34,867
	Club, Lounge, Dining and Observation	256	86	170
	Business	1,155	15,840	-14,685
	Mail, Express and Baggage			
	Combination Passenger and Baggage			
	Passenger Car Miles in Freight Trains	1,153,701	1,228,753	-75,052
	Total Passenger Car Miles	8,861,801	8,793,830	67,971
	Total Revenue Car Miles	5,915	78	5,837
825	Non-Revenue Service Car Miles	8,867,716	8,793,908	73,808
	TOTAL CAR MILES			

—Decrease

PROPERTIES—ROAD AND EQUIPMENT

	Total	Road	Equipment	General Expenditures	Other
Balance, January 1, 1964	\$ 10,631,284	\$ 6,901,323	\$ 5,043,512	\$ 323,338	\$ -1,636,889
Additions	14,085	12,875	1,210		
Total	10,645,369	6,914,198	5,044,722	323,338	-1,636,889
Retirements	105,218	10,727	93,736	755	
Investment in transportation property	\$ 10,540,151	\$ 6,903,471	\$ 4,950,986	\$ 322,583	\$ -1,636,889

INVESTMENT IN ROAD, EQUIPMENT AND GENERAL FOR YEAR ENDED DECEMBER 31, 1964

ROAD	Additions	Retirements	Net Total
2 Land for transportation purposes	\$ 2,456.00	\$ 47.93	\$ 2,408.07
8 Ties	2,343.28	2,058.60	284.68
9 Rails	1,296.52	2,184.08	-887.56
10 Other track material	1,603.13	2,936.76	-1,333.63
11 Ballast	409.80	577.46	-167.66
12 Track laying and surfacing	1,131.06	1,419.97	-288.91
16 Station and office buildings	659.25	-1,215.87	1,875.12
17 Roadway buildings		2,509.58	-2,509.58
26 Communication systems	1,484.33		1,484.33
27 Signals and interlockers	75.00	208.50	-133.50
37 Roadway machines	1,417.34		1,417.34
Total expenditure for road	12,875.71	10,727.01	2,148.70
EQUIPMENT			
53 Freight-train cars		89,715.03	-89,715.03
57 Work equipment		1,618.92	-1,618.92
58 Miscellaneous equipment	1,209.80	2,401.90	-1,192.10
Total expenditures for equipment	1,209.80	93,735.85	-92,526.05
GENERAL			
Miscellaneous		754.98	-754.98
Total	\$ 14,085.51	\$ 105,217.84	\$ -91,132.33

—Decrease

EQUIPMENT OWNED

December 31, 1960 to 1964

	1964	1963	1962	1961	1960
Diesel Locomotive Units	11	11	11	11	12
Average Age (Years).....	13.81	12.81	11.81	10.81	9.75
Freight Train Cars:					
Box.....	343	344	362	362	363
Flat.....	22	22	24	24	24
Gondola.....	24	52	53	53	53
Hopper.....	75	75	82	86	38
Racks.....	45	45	45	45	45
Caboose.....	6	6	7	8	8
Total Freight Equipment.....	515	544	573	578	581
Tonnage Capacity of Freight Equipment.....	25,986	27,860	28,660	28,860	29,010
Average Age (Years).....	18.62	18.07	19.36	18.49	17.52
Passenger Train Cars:					
Coaches.....	6	6	6	6	6
Sleeping.....	4	4	4	4	4
Dining.....	1	1	1	1	1
Other Passenger Carrying Cars.....					1
Combination Mail and Baggage.....	1	1	1	2	3
Baggage, Express and other Non-Passenger Carrying Cars.....	7	7	7	7	7
Total Passenger Train Equipment.....	19	19	19	20	22
Investment in Above Equipment:					
(December 31).....	\$ 4,853,493	\$ 4,943,208	\$ 4,771,785	\$ 4,789,557	\$ 4,999,622
Investment in Company Service Equipment.....	97,493	100,304	100,094	84,801	84,801
Total Investment in Equipment	\$ 4,950,986	\$ 5,043,512	\$ 4,871,879	\$ 4,874,358	\$ 5,084,423

EQUIPMENT OBLIGATIONS, DECEMBER 31, 1964

Description and Date	Amount	Unpaid Dec. 31, 1964	Installments Payable	Interest Rate Percent	Final Payment Due or Paid	Matured or Paid During Year 1964
Conditional Sale Agreements:						
December 16, 1950.....	\$ 513,000.00	\$ 29,386.00	Monthly	2.85	Mar. 1, 1966	\$ 25,188.00
April 1, 1952.....	413,100.00	74,562.00	Monthly	3.00	Oct. 19, 1967	26,316.00
October 1, 1952.....	151,800.00	30,360.00	Quarterly	3.25	Nov. 1, 1967	10,120.00
September 1, 1955.....	87,360.00		Monthly	3.25	Nov. 1, 1964	20,384.00
February 15, 1956.....	220,823.79	93,984.33	Monthly	3.35	July 1, 1971	14,921.28
February 15, 1956.....	242,601.15	101,079.00	Monthly	3.35	Apr. 1, 1971	16,172.64
October 10, 1960.....	248,400.00	182,160.00	Quarterly	4.50	Jan. 1, 1976	16,560.00
April 16, 1963.....	236,400.00	212,760.00	Quarterly	4.20	May 1, 1978	15,760.00
Total	\$ 2,113,484.94	\$ 724,291.33				\$ 145,421.92



